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Healthcare: The Difference is Access

Official Estimates Show Huge Disparity Between GOP, Kennedy HMO Bills

The Congressional Budget Office (CBO) recently released its official cost estimate of the Senate Republican Patients' Bill of Rights, S. 2330. This estimate presents a stark contrast with the Kennedy-Daschle bill (S. 1890). In fact, the projections of all three of Congress' official estimators — CBO, the General Accounting Office (GAO) and the Joint Committee on Taxation (JCT) — highlight a night-and-day difference: the Republican bill will expand the opportunity for access to private health insurance for millions of Americans, while the Kennedy-Daschle bill will decrease access for more than one million Americans.

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When the number one problem facing the American health care system is insuring the uninsured, Congress' official estimators provide a clear compass as to the direction in which we should proceed. One direction leads to greater access to private health insurance and the other, to less access.

The Republican Patients' Bill of Rights (S. 2330): More Access

According to CBO's estimate of the Republican bill released September 4, "the provisions for medical care and advice, patient information, grievance procedures, confidentiality of patient information, and breast cancer treatment would raise average premiums by about 0.5 percent." The "access effect" of this 0.5 percent premium increase is more than offset by the Republican bill's access-expanding tax provisions (which, incidentally, will be fully offset in a Senate floor amendment) that will make health care more affordable (and so more accessible) for millions of Americans.

- ▶ JCT estimates 3.3 million self-employed Americans will immediately be able to fully deduct the cost of their health insurance — giving them equal treatment with employer-provided health insurance — and saving them on average \$382 annually.

- ▶ All Americans will be able to open medical savings accounts (MSAs), which allow savings set aside for health care expenses to accrue interest tax-free, as long as participants also purchase a high-deductible health insurance policy.
- ▶ Americans with flexible spending accounts (FSAs) established by their employers will be able to roll over up to \$500 per year in pre-tax dollars — thus enabling participants greater ability to be reimbursed for medical expenses not covered by insurance. In 1993, 36 percent of employees in medium- and large-sized private firms had access to FSAs.

The Democrat Patients' Bill of Rights (S. 1890): Less Access

According to CBO's July 16 estimate, provisions in the Kennedy-Daschle bill "would have a significant effect on the costs of private insurance CBO estimates premiums for a typical employer-sponsored health plan would rise by **4.0 percent** . . ."

- ▶ According to CBO, the Democrat bill's effect on private health insurance premiums is *eight times as great* as the Republican bill — 4.0 percent versus 0.5 percent.
- ▶ According to CBO, two components of the Democrats' bill — expanded litigation and expanded coverage provisions — would each increase private health insurance premiums by more than the entire increase arising from the Republican bill (that is, by 1.2 percent, and 0.8 percent, respectively).
- ▶ Yet, outside estimates put the premium increases resulting from the Democrat bill at even higher levels. According to KPMG Peat Marwick's Barents Groups, the direct and indirect effects of the Democrats' increased litigation provisions alone could raise premiums anywhere from 2.7 percent to 8.6 percent.
- ▶ According to a GAO study, 300,000 Americans lose their health insurance for each one-percent increase in premiums. Translated: *at least* 1.2 million Americans will lose their health insurance as a result of the Democrat bill.

Bottom Line: More or Fewer Insured Americans?

Under the Republican bill, S. 2330, millions of Americans will gain expanded opportunities for access to private insurance. Under the Democrat bill, S. 1890, at least 1.2 million will lose their private health insurance.

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